



The Dow Chemical Company

April 26, 2018

The Honorable Gary Glenn  
Chairman, House Energy Committee  
H-372 Capitol Building  
P.O. Box 30014  
Lansing, MI 48909

RE: Support of the Long-Term Industrial Load Tariff Legislation

Dear Chairman Glenn and Members of the House Energy Committee,

On behalf of The Dow Chemical Company's thousands of Michigan-based employees, we are writing to express strong support for the Long-Term Industrial Load Tariff (LTILT) legislation.

Dow is a 40.25 percent owner of Hemlock Semiconductor (HSC), the only U.S.-based producer of polysilicon and the largest single-point energy user in Michigan. Electricity makes up more than one-third of HSC's production costs, and in order for HSC to be globally competitive, it needs to be able to source electricity in a globally competitive way.

Passing the LTILT legislation is Dow's top legislative priority in Michigan this year because it helps ensure long-term global competitiveness for HSC and the Great Lakes Bay Region. Moving on this legislation quickly would offer immediate certainty for HSC and Consumers Energy as they both plan for their energy futures. It would also offer a long-term solution to a challenge the legislature has addressed multiple times in the past 10 years, none of which have proven to be long-term fixes.

The legislation builds on the cost-of-service model in existing law and further recognizes the unique low cost to serve highly sophisticated, large industrial customers — customers who may otherwise be incentivized to leave the regulated market by building fence-line self-supply generation. In HSC's case, a new fence-line power plant would be costly to build, is not generally needed in Michigan and would result in fixed costs paid today by HSC being collected from Consumers Energy's remaining customers. The cost to Consumers Energy's other customers is less if HSC stays as a customer.

In addition to identifying a solution that keeps it as a customer of Consumers Energy, HSC has been working in parallel to position itself to build its own fence-line power plant. The legislation would enable Consumers Energy (or another utility) to submit, and allow the MPSC to adopt a new Long-Term Industrial Load Tariff for large, energy intensive users. This is an important economic development tool that could be attractive to employers with high energy consumption looking to relocate or expand in Michigan.

The question before the Committee is clear: Pass the legislation to enable HSC to pursue a rate-based solution with Consumers Energy, or take no action and move HSC toward building its own power plant, which will be more costly for all rate payers in Michigan and be harmful to

Michigan's economy. To ensure HSC continues to provide source power from the regulated energy market, and provide jobs and economic development in the Great Lakes Bay Region, we believe the public's best interest is served by passing the LTILT legislation, and we urge you to support it.

We appreciate the Committee taking up this important legislation. Please contact Eric Friedman, Dow's Director of State Government Affairs, at [EFriedman@dow.com](mailto:EFriedman@dow.com) for more information.

Sincerely,



Howard Ungerleider  
President-Elect and Chief Financial Officer,  
The Dow Chemical Company  
Chief Financial Officer, DowDuPont



Reiner Roghmann  
Vice President for Michigan Operations  
Vice President of Operations for North America  
North, The Dow Chemical Company

Cc: The Honorable Tom Leonard  
The Honorable Dan Lauwers  
The Honorable Tim Kelly  
The Honorable Sam Singh  
The Honorable Christine Greig